Discussion at G-20 Summit

484. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

(a) whether India had participated in the recent G 20 Summit at Pittsburgh; and

(b) if so, the details of the discussion held and the outcome thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) Yes, Sir.

(b) In the Pittsburgh Summit the following issues were discussed:

1. Framework for strong, sustainable and balanced growth
2. Progress and priorities on strengthening the International Financial Regulatory Systems
3. Reforms in the International Financial Institutions
4. Food, Fuel and Finance for the poor of the world
5. Energy Efficiency and Climate Change
6. Putting Quality jobs at the heart of the recovery
7. An open Global Economy
8. Future role of the G 20

The G 20 countries agreed for a framework for strong, sustainable and balanced growth and a mutual assessment process to assess whether policies are consistent with the shared objectives. The Leaders tasked the G 20 Finance Ministers to launch the framework and mutual assessment process in November 2009. In addition, the countries agreed to continue the stimulus till recovery is assured.

There was a renewal of the commitment to carry on the strengthening of the International Financial Regulatory System and not return to the scenario of banking as usual. To this end the G 20 countries agreed to act together to raise capital standards, implement strong international compensation standards aimed at ending practices that leads to excessive risk taking, improve over the counter (OTC) derivative markets, and to create powerful tools to hold large global firms having systemic significance to account for the risks that they take.

A major outcome was that the Leaders agreed to at least 5 per cent shift in quotas to dynamic emerging market and developing countries in the IMF by January 2011. The Leaders also agreed for a similar shift of at least 3 per cent in voting power in the World Bank for developing and transition countries by the 2010 Spring Meetings (in addition to the 1.46 per cent that has been committed in the first phase).

The Leaders also agreed to take new steps to increase access of the world's poor to food, fuel and finance and to rationalise and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support (for fuel) for the poorest. In addition, the Leaders have agreed to promote energy market transparency and market stability as part of a broad effort to avoid excessive volatility.

There was agreement that G 20 countries will fight protectionism and aim for a successful conclusion of the Doha Round in 2010. Also, on the Climate change the Leaders reaffirmed the primacy of the UNFCCC and agreed to cooperate for an agreed outcome at Copenhagen.

The Leaders also committed to implementing recovery plans that support decent work, help preserve employment, and prioritize job growth and to provide income, social protection, and training support for the unemployed and those most at risk of unemployment. One of the other major outcomes of the Pittsburgh Leaders' Summit has been to make the G-20 the premier multilateral forum for discussing international economic issues.

Restructuring rural credit delivery system

485. SHRI SANTOSH BAGRODIA:

SHRI GIREESH KUMAR SANGHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government proposes to restructure the institutional architecture for the delivery of rural credit;

(b) whether there is a proposal to make National Bank for Agriculture and Rural Development (NABARD), the apex regulator for the rural credit with coverage extending to the Regional Rural Banks (RRBs);

(c) if so, whether Government has instituted any study in this regard; and

(d) if so, the details of the terms of reference of such study?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) In order to reposition RRBs as an effective instrument of credit delivery, Government of India, in consultation with NABARD, the State Governments and the sponsor banks initiated a process for structural consolidation of RRBs by amalgamation of RRBs sponsored by the same bank within a State in September 2005. Consequent upon the amalgamation, the number of RRBs has been reduced from 196 to 84 as on date. The structural consolidation of RRBs has resulted in the formation of new RRBs which are financially stronger and bigger in size in terms of business volume and outreach, enabling them to take advantages of the economies of scale and reduce operational costs.

(b) No, Sir.

(c) and (d) Does not arise.

Cooperative and regional rural banks

†486. SHRI SATYAVRAT CHATURVEDI:

SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

†Original notice of the question was received in Hindi.